



COMMONWEALTH of VIRGINIA
Department of Planning and Budget

Richard D. Brown
Acting Director

200 N. Ninth St., Room 418
Richmond, VA. 23219

July 19, 2001

**NONSTATE AGENCIES
2002-04 BUDGET REQUEST**

Enclosed is a package for your use in preparing a nonstate agency budget request for the 2002-04 Biennium. It consists of §§2.1-394.1 and 11-35 (I) of the Code of Virginia and a copy of pertinent portions of the 2000 Appropriation Act, relating to the statutory definition of and funding requirements for nonstate agencies (Attachments A and B). It also includes a set of instructions for preparing and transmitting budget requests (Attachments C and D).

Please note that §2.1-394.1 requires that matching funds from local or private sources be identified in an amount at least equal to the requested state appropriation.

Form NSA-1 is a questionnaire to assist us in implementing §2.1-394.1. It is required even if you submitted this form in a previous biennium.

Please return your completed request by Friday, October 12, 2001. If your request is received after November 15, there is no assurance that it can be considered by the Governor prior to final decisions on the budget. See the instructions in Attachment C.

If an appropriation is made to your agency by the General Assembly, you must submit an application to receive the appropriation itself. Nonstate agency appropriations are administered by the Department of Historic Resources, not the Department of Planning and Budget. If an appropriation is made to your agency for 2002-04, the Department of Historic Resources will send you instructions and guidance in regard to submitting an application for it.

You may direct questions to: James B. Cook, Jr., at (804) 786-0212 or
e-mail: jcook@dpb.state.va.us

- Attachment A: 2000 Appropriation Act (Chapter 1073)
- Attachment B: §§2.1-394.1 and 11-35 (I) of the Code of Virginia
- Attachment C: Transmittal of Documents
- Attachment D: Budget Request, Nonstate Agencies

ATTACHMENT A

2000 APPROPRIATION ACT (CHAPTER 1073)

Definition of Nonstate Agency

“Nonstate agency” means an organization or entity as defined in §2.1-394.1 (D), Code of Virginia. (Enactment No. 2, §6, Paragraph E, 2000 Appropriation Act [Chapter 1073])

Item 571

- A. Grants provided for in this item shall be administered by the Department of Historic Resources.
- B. Prior to the distribution of any funds the organization or entity shall make application to the Department in a format prescribed by the Department. This application shall designate whether grant funds provided under this Item will be used for purposes of operating support or capital outlay. Unless otherwise specified in this Item, the matching amounts for grants funded from this Item may be in cash or in-kind contributions as requested by the nonstate organization in its application for state grant funds. The Department shall use applicable federal guidelines in assessing the value of in-kind contributions to be used as matching amounts

§4-5.07

Nonstate Agencies, Interstate Compacts and Organizational Memberships

§4-5.07 NONSTATE AGENCIES, INTERSTATE COMPACTS AND ORGANIZATIONAL MEMBERSHIPS

a. The accounts of any agency, however titled, which receives funds from this or any other appropriating act, and is not owned or controlled by the Commonwealth of Virginia, shall be subject to audit or shall present an audit acceptable to the Auditor of Public Accounts when so directed by the Governor or the Joint Legislative Audit and Review Commission. The agency shall provide for the segregation and accounting of state funds under such rules and regulations as the State Comptroller may prescribe.

b.1. For purposes of this subsection, the definition of "nonstate agency" is that contained in §[2.1-394.1](#), Code of Virginia.

2. Allotment of appropriations to nonprofit cultural and artistic organizations shall be subject to the following criteria:

a) Such organization is located in and operates in Virginia.

b) The organization must be open to the public or otherwise engaged in activity of public interest, with expenditures having actually been incurred for its operation.

3. No allotment of appropriations shall be made to a nonstate agency until such organization has certified to the Secretary of Finance that cash or in-kind contributions are on hand and available to match equally all or any part of an appropriation which may be provided by the General Assembly, unless the organization is specifically exempted from this requirement by language in this act. Such matching funds shall not have been previously used to meet the match requirement in any prior appropriation act.

4. Unless specifically exempted by language in this act, operating appropriations in excess of \$100,000 shall be disbursed to nonstate agency in twelve or fewer equal monthly installments depending on when the first payment is made within the fiscal year.

5. The provisions of §[11-35](#) I, Code of Virginia shall apply to any expenditure of state appropriations by a nonstate agency.

c.1. Each interstate compact commission and each organization in which the Commonwealth of Virginia or a state agency thereof holds membership, and the dues for which are provided in this act or any other appropriating act, shall submit its biennial budget request to the state agency under which such commission or organization is listed in this act. The state agency shall include the request of such commission or organization within its own request, but identified separately. Requests by the commission or organization for disbursements from appropriations shall be submitted to the designated state agency.

2. Each agency shall submit by September 1 each year, a report to the Director, Department of Planning and Budget, listing the name and purpose for organizational memberships held by that agency with annual dues of \$5,000 or more.

ATTACHMENT B

§2.1-394.1 OF THE CODE OF VIRGINIA

The Nonstate Agency Questionnaire, Form NSA-1 (May 1999), must be completed to provide the information required in §2.1-394.1 below, even if your organization submitted this form in a prior year. A copy of the letter or notice from the Internal Revenue Service exempting your organization from federal income tax must be attached.

§ 2.1-394.1

Estimates by nonstate agencies of amounts needed

A. Except as provided in §§[10.1-2211](#), 10.1-2212 and 10.1-2213, no state funds shall be appropriated or expended for, or to, nonstate agencies unless:

1. A request for state aid is filed by the organization with the Department of Planning and Budget, as required by § 2.1-394.
 2. Such nonstate agency shall certify to the satisfaction of the Department that matching funds are available in cash from local or private sources in an amount at least equal to the amount of the request. These matching funds must be concurrent with the purpose for which state funds are requested. Contributions received and spent prior to the state grant shall not be considered in satisfying the requirements of this subdivision.
 3. Such nonstate agency shall provide documentation of its tax exempt status under applicable provisions of the United States Internal Revenue Code.
- B. Except as provided in §§[23-38.11](#) through 23-38.18, no state funds shall be appropriated to, or expended for, a private institution of higher education or religious organization.
- C. Requests for the appropriation of funds for nonstate agencies shall be considered by the Governor and the General Assembly only in even-numbered years.
- D. For the purposes of this section, a "nonstate agency" shall mean any public or private foundation, authority, institute, museum, corporation or similar organization which is not a unit of state government or a political subdivision of the Commonwealth as established by general law or special act. It shall not mean any such entity which receives state funds as a subgrantee of a state agency or through a state grant-in-aid program authorized by law.

The Virginia Public Procurement Act may apply to a state grant in excess of \$10,000 if the grant is to be used for the purposes described below.

§11-35 (I)

I. The provisions of this chapter shall apply to procurement of any construction or planning and design services for construction by a Virginia not-for-profit corporation or organization not otherwise specifically exempted when the planning, design or construction is funded by state appropriations greater than \$10,000 unless the Virginia not-for-profit corporation or organization is obligated to conform to procurement procedures which are established by federal statutes or regulations, whether or not those federal procedures are in conformance with the provisions of this chapter.

ATTACHMENT C

TRANSMITTAL OF BUDGET REQUEST AND RELATED DOCUMENTS

1. Five copies of the Budget Request for Nonstate Agency, as described in Attachment D, must be received in the Department of Planning and Budget no later than 5:00 P.M., Friday, October 12, 2001. Each copy should be stapled at top left, with Form NSA-1 at the top of the package.
2. The package should be addressed as follows:

U.S. Mail, UPS and Hand Delivery

Nonstate Agency Clerk
Department of Planning and Budget
200 North Ninth Street, Room 418
Richmond, Virginia 23219

ATTACHMENT D
BUDGET REQUEST FOR NONSTATE AGENCIES

STATE SUPPORT OF NONSTATE AGENCIES

The primary purpose of state support of nonstate agencies is to assist them with capital expenditures or improvements and organizational or operating assistance of a limited duration to help them during periods of growth or change and other expensive items of a one-time nature. State support is not available and should not be sought for operating support on a continual or long-term basis.

GENERAL GUIDANCE

Location

Your agency must be located in and operated in Virginia.

Purpose

The requested state support must be for a purpose clearly identifiable as cultural or artistic in nature. It must be for organizational or operating assistance of a limited duration.

Ineligible Organizations

The Constitution of Virginia prohibits state appropriations to a religious organization or a private institution of higher education.

Federal Income Tax Exemption

Your agency must be a nonprofit organization exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. Documentation should be submitted in the form of a letter to your agency from the Internal Revenue Service to that effect.

Matching Funds

Your agency must present an equal match for the state grant, whether the grant is for operating or capital purposes, unless the agency is a political subdivision. The match must be in cash or in-kind.

Virginia Public Procurement Act

If your agency plans to use part or all of its grant for capital purposes in an amount exceeding \$10,000, the Virginia Public Procurement Act may apply.

Financial Statement

Your request must be accompanied by a financial statement for your last completed fiscal year, containing a balance sheet showing all funds (restricted and unrestricted) available to your organization (stocks, bonds, etc.), as well as an income and expense statement for your last completed fiscal year.

Pass-Through

The request should be for your agency directly. A passthrough from your agency to another organization not owned or controlled by your agency will not be approved.

Historic Preservation Projects

Requests for state support for historic preservation projects or rehabilitation of historic structures should be submitted to the Department of Historic Resources, not the Department of Planning and Budget. Your contact for such requests is

Ann M. Andrus, State Grants Coordinator
Department of Historic Resources
10 Courthouse Avenue
Petersburg, Virginia 23803
(804) 863-1622

Fiscal Year

The state fiscal year runs from July 1 through June 30.

Fiscal Year 2003 - July 1, 2002, through June 30, 2003

Fiscal Year 2004 - July 1, 2003, through June 30, 2004

FORMAT OUTLINE

The Budget Request should follow the outline below. Use 8 1/2 x 11 paper only. Number all pages (except the Cover Sheet) sequentially.

- Cover Sheet
- Agency Profile
 - a. Official Name and Location
 - b. Agency Overview
 - 1. History
 - 2. Organization Summary
 - 3. Major Activities
 - 4. Mission
 - 5. Evaluation
 - c. Justification
 - d. Prior State Appropriations
 - e. Organization Chart
- Matching Funds
- Nonstate Agency Questionnaire, Form NSA-1

I. COVER SHEET

Prepare a cover sheet for the Budget Request labeled:

BUDGET REQUEST FOR NONSTATE AGENCY
2002-04 BIENNIUM
AGENCY NAME

II. AGENCY PROFILE

General

Prepare a profile statement for the agency following the outline below. This profile information will be used in the development of the Budget Document, if your agency's request is recommended by the Governor.

A. Official Name and Location

Give the official name of the agency. This means the name under which it is incorporated or otherwise authorized to do business in Virginia. Give the address of the principal office or location and the address of any other offices or locations.

B. Agency Overview

The Agency Overview is a five-part statement providing a concise description of the agency. Follow the instructions below:

1. History: Write a short paragraph summarizing the history of the agency, including when and why it was created and by whom.
2. Organization Summary: Briefly describe how the agency is organized, including a summary of the major functions of organization subunits (bureaus, divisions, field offices, etc.). The organization summary should help explain the information contained in the agency's organization chart, not repeat it.
3. Major Activities: Briefly summarize the agency's major activities and services. Include data concerning the number of the agency's clients, its area of service and other information providing a quantifiable perspective on the agency's activities. Include the following information:
 - a) The days and hours the agency is open to the public
 - b) The amount of any admission fee
 - c) The number of clients, customers or constituents of the agency for your most recent fiscal year. If you use another time period for a customer count, please indicate that time period.

4. Mission. Discuss your agency's current purposes, the public need it exists to fulfill and the role it serves. Include a copy of any mission statement.

5. Evaluation. Describe how the success of your agency in achieving its mission is measured.

C. Justification

In this portion of the request narrative, the agency provides the justification for the request. The reviewers of the request will look for answers to questions such as the following:

- What amount is the agency requesting for each year of the biennium? The request amount should also be shown in the Matching Funds table which is part of these instructions.

- What will the money be spent for? Describe the program or activity which will be financed by the state appropriation. In particular, if the request is for capital purposes (acquisition of land or buildings, construction, renovation or improvement of buildings), describe the proposed facility or improvements to the existing facility. What is the timeline for the procurement?

- Why is the agency requesting a state appropriation? For example, what is the condition, opportunity or problem intended to be addressed by the state appropriation? What public purpose will be served by a state appropriation to the agency?

- What other sources of support, and in what amount, does the agency have for the purpose intended to be addressed by the state appropriation? What percentage is the requested state grant of the total amount of support you anticipate from all sources for each year of the biennium?

- What will be the result if the state appropriation is not provided?

D. Prior State Appropriations

Include, by year and amount, a table of all state appropriations which your agency has received since 1996:

Year

Amount

E. Organization Chart

Include the most current organization chart, identifying only those organizational units planned to be in effect as of July 1, 2002. Do not show positions of individuals or names of individuals.

III. MATCHING FUNDS

Refer to Item 571 and §4-5.07 (Attachment A) and §2.1-394.1.A.2 (Attachment B).

The matching fund requirements are summarized as follows:

A. Match funds must be in cash, cash equivalent (securities which can be converted to cash within 30 days), or in-kind.

B. Match funds must be from local or private sources. "Local" means funds from local governments, other local entities and federal funds. It excludes state funds.

C. Match funds must be available on July 1 of each year of the biennium. If not available until after July 1, the state grant will be released when the match funds are available. Note the following requirements of §2.1-394.1 of the Code of Virginia:

1. Funds received and spent prior to the effective date of the state grant are not eligible to be counted as a match. Likewise, in-kind match must be available within the grant period.

2. If available funds were used to meet the match requirement in any previous appropriation act, they may not be used to satisfy the 2002-04 match requirement even if they are still available.

3. Match funds must be concurrent with the purpose for which state funds are requested. This means that the proposed expenditure of the match funds must be the same as that for the state funds.

D. Provide, in the format illustrated on the next page, a description of the proposed matching funds, set up as a page in the Budget Request.

“Operating expenses” means payment of salaries, purchase of supplies, heat, light, power and other expenses of normal maintenance and operation. It includes equipment for normal operation, such as typewriters, computers, calculators and computer software.

“Capital expenses” means expenditures for acquisition and purchase of land and structures, construction of buildings, renovation of buildings, major repairs, and other capital purposes. It includes equipment associated with construction and renovation of buildings.

FINANCIAL STATEMENT

Attach to your request a financial statement as described in the General Guidelines.

MATCHING FUNDS

Agency: _____

APPROPRIATION REQUEST

Requested State Appropriation

	<u>2002-03</u>	<u>2003-04</u>
<u>Operating Expense</u>	\$	\$
<u>Capital Expense</u>	\$	\$
<u>Total Requested Appropriation</u>	\$	\$

MATCHING FUNDS

Amount of Proposed Match

<u>2002-03</u>	<u>2003-04</u>
\$	\$

SOURCE OF PROPOSED MATCH

Provide in this space a description of the source of the proposed match. The state appropriation will be available each year on July 1 or shortly thereafter. The matching funds should be on hand and available on the same date. Your description should indicate whether or not this is the case.